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RUEHIN/AIT TAIPEI 0631  
RUEHBY/AMEMBASSY CANBERRA 0012  
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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000450

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STATE FOR EAP/CM  
NSC FOR DENNIS WILDER

E.O. 12958: DECL: 7/18/2017  
TAGS: [PREL](#) [CH](#) [XV](#)  
SUBJECT: VANUATU OPENS A CONSULATE IN SHANGHAI

CLASSIFIED BY: Veomayoury Baccam, Acting Pol/Econ Section Chief,  
U.S. Consulate , Shanghai .  
REASON: 1.4 (b), (d)

¶1. (C) Summary: During the opening of the Vanuatu Consulate in Shanghai on July 17, Vanuatu officials emphasized their strong commitment to the One China Policy and encouraged more Chinese investment, trade and tourism to the pacific island country. The opening of the consulate comes on the heels of the visit of the Vanuatu President to China and appears to be just the latest indication of closer relations between the two countries. End Summary.

¶2. (C) Poloff attended the opening of the Vanuatu Consulate General in Shanghai on July 17. At the event were Vanuatu Deputy Prime Minister and Foreign Minister Sato Kilman, Vanuatu Ambassador to China Lo Chi Wai, Vanuatu Consul General Charles Cheung, Chinese Deputy Foreign Minister Qiao Zhonghuai, and Shanghai Vice-Mayor Tang Dengjie. Members of Shanghai's diplomatic community as well as Chinese businessmen with connections to Vanuatu were also in attendance.

¶3. (C) In his remarks, Vanuatu Deputy Prime Minister Kilman said Vanuatu was "extremely satisfied" with its relationship with China. This relationship has become more active in the past two years. In August 2005, Vanuatu's Honorary Consulate to Beijing was upgraded to an Embassy. The Embassy was officially opened on January 16, 2006. The President of Vanuatu just concluded his six-day visit to China last week in which he met with President Hu Jintao.

¶4. (C) He hoped that this momentum would lead to a stronger economic relationship. Noting that most of China's investment was in the real estate and hospitality sector, he encouraged China to send more trade delegations to Vanuatu to explore ways of expanding investment. Consul General Cheung noted that Vanuatu was upgrading its airport and would be able to have direct flights from China to Vanuatu in 2008.

¶5. (C) All of the representatives from Vanuatu emphasized the

country's strong commitment to the One China Policy. (Comment: Vanuatu appears to still be trying to assure China of its loyalty. In 2004, its Prime Minister reached an agreement with Taiwan to establish relations and cut off relations with the Mainland. The treaty was never ratified by the Vanuatu Parliament and the Prime Minister was eventually dismissed. End Comment.) In a side conversation, Vanuatu Ministry of Foreign Affairs Second Political Advisor John Jolame Shing said China wanted Vanuatu to not only adhere to the One China Policy but also persuade other pacific island nations to cut off ties with Taiwan and establish relations with the Mainland. China was also interested in developing Vanuatu's "marine resources", primarily seafood. Shing was impressed with how the Chinese hosts treated the delegation and noted that the hosts took care of everything, including providing the delegation with 14 cars for transportation.

16. (C) Shing noted Vanuatu's strong interest in attracting more Chinese economic investment and assistance. In contrast to Australia, which targeted assistance to infrastructure and other public projects, Chinese assistance came mainly in the form of economic investment. Chinese assistance also did not have any "strings-attached." China also treated Vanuatu as an equal and did not put any restrictions on Vanuatu people or businesses wanting to enter the country. This was not the case with Australia, which had strict immigration policies. Militarily, Vanuatu still relied on Australia and Shing did not foresee any changes in this area.

17. (C) In his short remarks, Chinese Deputy Foreign Minister Qiao welcomed the establishment of a Consulate in Shanghai. He promised that the Ministry of Foreign Affairs and Shanghai government would work to actively promote the relationship and encourage more investment in Vanuatu.

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18. (C) Comment: The opening of a consulate in Shanghai will help the Vanuatu government to attract more investment from China. It will also make it easier for Chinese businesses to explore investment opportunities in Vanuatu. As a result, Chinese presence in the region will continue to grow and could affect regional relationships.  
SCHUCHAT